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A High Road to Sustainability?
Wildflower Harvesting, Ethical Trade and Social Upgrading in
South Africa's Western Cape

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***A High Road to Sustainability?
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Abstract

This paper evaluates the outcomes from an ambitious wildflower harvesting programme in South Africa's Western Cape, which has sought to achieve positive outcomes in terms of socio-economic development and biodiversity conservation. Indigenous wildflowers, harvested according to conservation principles, are processed into 'Cape Flora' bouquets and sold into international and domestic markets. The principal supply chain provides an example of ethical trade due to the explicit environmental and social standards that are required at local sites of production. The incorporation of such standards represents an attempt to engender economic and social upgrading within the value chain. In this sense, the programme is consistent with dominant policy discourses, which suggest that exploiting potentially profitable niches within international trade flows represents a 'high road' (Simon 2001) to economic growth and transformation.

The paper focuses upon the job creation and social impacts of the programme in the context of efforts to overcome South Africa's deeply entrenched socio-economic disparities and high poverty levels. Despite impressive growth in production and exports during the Global Financial Crisis, there have been mixed outcomes in terms of benefits to stakeholders at the upstream end of the supply chain. The paper concludes by considering the extent to which local initiatives operating under the framework of ethical trade possess the potential to facilitate effective social and economic upgrading.

Key Words

ethical trade, South Africa, sustainable harvesting, economic upgrading, social upgrading

INTRODUCTION

'The Confederation of South African Trade Unions (Cosatu) warned of a new flare-up in the Western Cape as a result of what they called the farmers' 'vindictive' response to the latest two-week strike in the £850 million a year fruit and wine sector. Three farm workers have died in clashes with police during stop-start strikes since November that have also led to hundreds of arrests'.

Alex Duval-Smith, 24/01/13, www.guardian.co.uk/world/2013/jan/24/truckloads-south-african-farmworkers-sacked/print

During late 2012 a series of strikes and protests occurred in the de Doorns and Worcester areas of Western Cape Province as farmworkers drew attention to the low wages and insecurity that define their working lives (Kardas-Nelson 2013). This action, which triggered a government review of the minimum wage for farmworkers, was the latest in a series of wage disputes in key South African industries, including the infamous Marikana mining strike which led to forty four deaths on 16 August 2012 (Mail and Guardian, 2013).

These disputes are symptomatic of the ongoing struggles confronting South African policy makers since the formal ending of the apartheid state in 1994. Successive governments have been scrupulous in adhering to orthodox macro-economic policies and can be credited with stabilising the economy and generating steady, albeit restricted, economic growth (Marais 2011). However, improvements in the living standards of the majority of South Africans have occurred through government-led welfare and infrastructural development programmes, rather than

multiplier effects generated by dynamic growth (Leibbrandt *et al.* 2009). Soberingly, South Africa's already deeply divided society has actually become more, rather than less, economically unequal in the last two decades (Leibbrandt *et al.* 2009). Thus, it is hardly surprising that discontent is bubbling up and leading to direct action among workers.

This problematic context forms the backdrop for this paper, which evaluates an ambitious programme piloted in the Western Cape that is seeking to achieve both socio-economic and biodiversity conservation objectives. The area is home to the Cape Floral Region (CFR), a global biodiversity hotspot which contains around 10,000 plant species, including a high proportion of endemics, many of which are rare and threatened (Bond and Goldblatt 1984; Treurnicht, 2010). Local NGO, the Flower Valley Conservation Trust (FVCT), has established a Sustainable Harvesting Programme (SHP) whereby wild *fynbos* flowers, which have been harvested in a largely unregulated fashion from the *veld*¹ for many decades, are being picked according to sustainable principles and subsequently assembled into Cape Flora bouquets for UK and domestic markets (Bek *et al.* 2010; Hughes *et al.* 2012). Landowners, therefore, have an incentive to conserve rather than convert natural landscapes, whilst harvesting teams are incentivised to pick according to sustainable principles in order to gain access to this component of the flower market (Conradie 2010).

The programme is particularly interesting, as its core objectives embrace a holistic interpretation of sustainability which inextricably links biodiversity conservation, economic growth and social upliftment within local communities (Bek *et al.* 2010;

¹ Afrikaans word which refers to wide open rural spaces.

Crane 2006, Privett *et al* 2002). Furthermore, the major markets for the bouquets lie overseas, a reality that finds favour with supporters of outward orientation, who believe that benefits are to be gained through identifying profitable niches in global trade markets. Refinements of the outward orientation paradigm suggest that more equitable forms of economic transformation can occur if a putative 'high road' to economic growth and development is followed, characterised by higher skill and wage levels (Simon 2001). Products that fit into the 'ethical trade' category are certainly seen by some commentators as a mechanism for harnessing the market in the interests of the poor. It can be argued that the explicit focus upon the ethical dimensions of the supply chain will facilitate 'social upgrading', whereby investment occurs within the labour force. Critics, however, perceive that ethical trade markets generate an opportunity for corporations to exploit productive niches and also benefit from positive publicity, whilst actually achieving relatively little in terms of socio-economic transformation. Furthermore, they claim that the ongoing restructuring processes within value chains consistently enable more powerful stakeholders to retain or even increase their share of the value, to the ultimate detriment of less powerful stakeholders, especially those at sites of production (Brown *et al.* 2003). Indeed, some analysts refer to a process of 'adverse incorporation', whereby some participants are rendered more vulnerable and potentially worse off through engagement in major supply chains (du Toit 2009).

In this paper we draw upon these concepts whilst illustrating the challenges confronting decision makers when they seek to achieve economic, social and environmental sustainability through engagement with agricultural supply chains. Furthermore, we demonstrate that the constraints that emerge result in part from

the very dynamics of such supply chains, which are inserted into highly competitive and flexible markets. In addition, localised constraints become evident in the form of inadequate training and regulation. These themes are explored through an examination of the outcomes of FVCT's SHP.

The empirical material we present results from an on-going series of linked research projects which have investigated different facets of the SHP. Initial research visits were undertaken in 2006 and 2009, in order to interview core stakeholders within the SHP in South Africa, whilst NGO and corporate informants were also interviewed in the UK. Between August 2010 and March 2012 more far-reaching research was undertaken as part of a Leverhulme Trust funded project² during which 62 in-depth, semi-structured interviews were conducted with stakeholders in wildflower harvesting and conservation, including trustees at the FVCT, environmental NGOs, commercial stakeholders including retailers, harvesting team owners, landowners, pickers and pack-shed workers. Grey materials were also collected (industry and conservation NGO reports, sales data and social media posts), participant observation in FVCT activities (meetings, sustainable harvesting training events and workshops). A further 22 interviews were undertaken in March-April 2013 as part of a research project³ looking specifically at the institutional dynamics of the wildflower harvesting industry at the supplier level. Whilst a number of selected quotes are used, the article's arguments and insights are shaped by the wider range of empirical materials drawn from across the various linked projects.

² For further details of this project see: <http://www.geography.dur.ac.uk/projects/ethical-production-south-africa/Home/tabid/3895/Default.aspx>

³ Funded by Otago University.

In what follows, we first outline the pressures on rural labour conditions, drawing on the notion of adverse incorporation, and how this relates to questions of value within global supply chains. We then explore a specific attempt to create a new value chain in sustainable wildflower harvesting, which attempts to bring about both social and environmental upgrading. The paper focuses specifically on the role of the FVCT and examines the ways in which upgrading has occurred within the context of the SHP. We then go on to consider the constraints which reduce the transformative potential of upgrading in this supply chain. We conclude with some reflections on the roles that strong local institutions need to play in order to drive upgrading.

ADVERSE INCORPORATION OF RURAL LABOUR AND THE QUESTION OF VALUE IN SUPPLY CHAINS

The apartheid era was associated with the immiseration of millions of Black people, forced to eke out marginalised livelihoods on the periphery of the formal economy.⁴ Challenging poverty has been a major policy priority for the ANC governments since 1994, a focus which has enjoyed widespread support from the electorate. Whilst there are some positive trends to be gleaned within subsequent income and poverty statistics, an uncomfortable truth is evident – that poverty and racially delineated inequality remain deep-seated within South African society, with approximately forty percent of the population categorised as ‘poor’ (du Toit 2003, Liebbrandt *et al.* 2010; Statistics South Africa 2012). Furthermore, South Africa has one of the most

⁴ There are very specific historical and political meanings attached to what it means to be ‘Black’, ‘White’, ‘Indian’ and ‘Coloured’ in South Africa (Erasmus, 2000). However, the terms continue to be deployed (often problematically) within official government classification and policies; they also remain in popular use as a marker of identity. Therefore, we use these terms in this article, whilst being mindful of the fact that they are rooted in a profoundly problematic history and are deeply contested.

unequal land distributions in the world, with 55,000 white farmers owning 85 per cent of the land.

Poverty remains a disproportionately rural phenomenon, which is scarcely surprising given the structural impacts of apartheid-era policies and practices. Since the end of apartheid there have been some positive trends from the perspective of the rural workforce, such as the implementation of minimum wages and the imposition of legal and buyer driven regulatory structures designed to ensure that working conditions meet international standards. Whilst the ending of sanctions cleared the way for easier access to international markets, a swathe of challenges have confronted producers, including a rising cost base, compliance with a wide range of quality, social and environmental standards alongside margin squeezing, and value capture strategies enacted by overseas retailers.

Given that labour represents the largest cost component for producers, it is hardly surprising that workers have borne the brunt of producers' adaptations to the competitive pressures they confront within the value chain. An imperative to cut costs has led to wide-scale casualisation within the agricultural sector, leading to a sharp growth in the ranks of the rural marginal working class (Murray 2010). Recent data from the table grape industry illustrates the structural nature of the shift, with the percentage of seasonal workers among the total workforce having increased from seventy-two percent to eighty percent between 2007/8 and 2010/11 (Barrientos and Visser 2013). Whilst pay and working conditions for permanent workers are some way short of ideal, they are still better than those experienced by casual staff, who receive significantly lower wages and whose rights tend to be poorly applied. During 2012, the collective force of these pressures reached a

tipping point as seasonal workers brought attention to their plight through strike action as outlined earlier in this paper. As a result of their actions, the government acted rapidly to increase the daily minimum wage for farmworkers from R69 (c.£4.40) ('sufficient to buy four loaves of bread') to R105 (c.£6.70) from March 2013 (Craven 2013, FreshFruitPortal.com 2013).

For du Toit (2009), the increasing casualisation of the workforce, and the resultant downgrading of their working conditions, is evidence of a fast evolving process of adverse incorporation, whereby poverty and vulnerability do not result simply from exclusion from the mainstream economy, but rather from entering it at a position of disadvantage. Such analysis critiques dominant policy discourses which state that poverty results from exclusion, and therefore all that is required to 'fix the problem' of poverty is to enable people to be incorporated into the formal economy. The approach, however, ignores a raft of issues that influence people's lived experiences of the mainstream economy. Casualised farmwork may enable a greater number of people to engage with the agricultural economy, but the terms of that engagement are highly disadvantageous, and at best only offer a route to the margins of poverty rather than beyond it (Barrientos and Kritzing 2004). Indeed, people may be better off remaining disengaged from the mainstream economy and following alternative courses to achieve household sustainability (Bowrig 2010b; du Toit and Neves 2014). As du Toit (2013, p.1) states, '(the) pro-poor consensus has not produced a pro-poor reality. Millions of South Africans survive on marginalised and vulnerable livelihoods, economically disempowered, and with scant chances of upward mobility'.

In order to understand the forces driving casualization and adverse incorporation, it is necessary to examine the fundamental shifts that have occurred during the last three decades in the ways that production is organised within the global economy. These changes have been underpinned by policy shifts driven by the hegemony of neo-liberal discourse within the world's major financial institutions. Thus, trade liberalisation and export orientation have dominated drives for economic development. This effective opening up of the global economy has been facilitated by a concomitant shift in industrial organisation characterised by the evolution of Global Value Chains (GVCs), in which production has been broken up into different components which may be spread across the globe (Gereffi 1994, Gibbon *et al.* 2008). Proponents of liberalisation point to the benefits that result as, 'GVCs link firms, producers and workers around the world and often provide a stepping stone for firms and workers in developing countries to integrate into the global economy' (Staritz and Reis 2013 p.1).

However, many cogent critiques of the outcomes of these changes have been produced, not least in relation to ethical and social justice issues (Raworth 2004, Human Rights Watch 2011, Brown *et al.* 2003). It is within this context that there has been increasing attention paid to the processes of economic and social upgrading within value chains (Staritz and Reis 2011, Barrientos, Mayer *et al.* 2011). Economic upgrading occurs where increased local value is achieved by switching to higher value producer activities which, in theory at least, will stimulate enhanced economic growth for the host country (Barrientos, Gereffi and Rossi 2011, Ponte and Ewert 2009). Humphrey and Schmitz (2002) identify process, product, functional and inter-sectoral upgrading as four key types of upgrading that can enhance value creation, enhancement and capture on the part of producers.

Social upgrading describes the process whereby workers benefit from improvements in their rights and entitlements. Defining precisely what constitutes social upgrading has proven difficult; however, the ILO's *Decent Work Agenda* (ILO 2013) provides a framework for identifying its core characteristics, including employment creation, pay levels, working hours and access to broader social benefits. Economic and social upgrading are all too often conflated as though adding value to the production process will inevitably lead to an array of benefits for workers, and indeed their broader communities. In reality, social benefits are not a given, and under certain circumstances social downgrading, whereby labour standards actually worsen, can result from employer responses to changes in the wider economic environment. Thus, the outcomes of economic upgrading, which can take various forms, are highly time and place specific.

A third dimension to upgrading, which has received little attention in policy or academic debate, relates to environmental outcomes. Such an omission is surprising given the rapid rise of 'sustainability' as a central pillar of many Corporate Social Responsibility (CSR) programmes. However, it is vital that environmental shifts are given equal weighting within supply chain upgrading/downgrading debates and analysis. On the one hand, it is increasingly clear that environmental upgrading within economic activities is an absolute imperative in its own right. And on the other hand, there are complex inter-dependencies between economic, social and environmental processes and outcomes which play out as explicit efforts are made to achieve upgrading in any single dimension.

The complexity of these processes and their differential outcomes can be observed within retailer's value chains. For a variety of reasons, retail buyers are placing increasingly stringent demands upon producers in terms of technical, social and environmental standards (Ponte and Gibbon 2005; Bek *et al* 2007). Herein lies an opportunity for social upgrading within the workforce, as workers need to be trained, and thus rewarded through enhanced pay and conditions, to apply these various standards within their daily working practices. Yet, at the same time, producers are constantly challenged to compete on price. Their response to these complex and contrary pressures has been for producers to differentiate their workforce through parallel processes of social upgrading and social downgrading (Barrientos and Visser 2012). Therefore, their core permanent staff may benefit from social and training investments, whilst an increasing proportion of the workforce is casualised, which enables the employer to benefit from a more flexible and cheaper workforce (Barrientos and Visser 2012). These very processes are all too evident within the context of the Western Cape's agricultural sector (Ewert and du Toit 2005). As Bowrig *et al* (2010, p. 182) observe, '...labour conditions at sites of export production cannot be treated as hermetically sealed environments separate from the dynamics of the value chain'.

It is within the intensely challenging context of the Western Cape's diverse and well-established agricultural sector that we focus upon ambitious efforts to establish a new value chain which is economically, socially and environmentally upgraded. The value chain in question is a sub-component of the wildflower industry, which has played an important role in sustaining local economies and livelihoods in various localities for many decades. However, the industry has been institutionally fragmented and largely isolated from the broader corpus of mainstream agriculture.

Therefore, many of the broader regulatory changes have largely bypassed producers in the wildflower industry. In addition, there have been increasing concerns that the daily practices of wildflower harvesters are threatening the survival of the natural resource base upon which the industry depends (Privett *et al* 2002). In the last decade an influential and well networked local NGO, the Flower Valley Conservation Trust (FVCT), has responded to such concerns through the promotion of innovative approaches to environmental, social and economic development which have been implemented under the aegis of their SHP. The next section outlines how the biodiversity economy paradigm, which underpins FVCT's approach, has emerged as a policy strategy for effecting conservation and socio-economic upliftment in the Cape Floral Region.

THE BIODIVERSITY-ECONOMY PARADIGM AS A ROUTE TO SOCIAL AND ENVIRONMENTAL UPGRADING

The election of the ANC government in 1994 heralded dramatic shifts in most domains of policy, not least in conservation as international discourse around sustainable development became influential (Ashwell *et al.* 2006). Thus, conservation was intertwined with economic and poverty alleviation objectives within the new rights-based agenda which confirmed every South African citizen's rights to a safe and healthy environment (Crane *et al.* 2009). Conservation policy itself has shifted markedly in line with that of global institutions, such as the Global Environment Facility, which has promulgated the notion of people-centred conservation whereby environmental protection measures are seen as a potential stimulus for economic activity (Crane *et al.*, 2009). This approach challenges conventional wisdoms, which suggest that conservation and economic activity tend

to be diametrically opposed, and that the success of one will be to the detriment of the other.

Furthermore, direct linkages have been made between the imperative to conserve unique resources and the imperative to sustain rural livelihoods, which could occur, *inter alia*, through greater production of tradable natural commodities and expansion of the tourism industry. Hence, 'biodiversity conservation might be a force for rural development by leveraging economic and social benefits at the local level', (Crane, 2007, p. 5) and, as such, is a vehicle for achieving poverty alleviation goals. This approach, whereby conservation outcomes lead to secondary, albeit important, outcomes, is representative of 'strong' sustainability whereby the maintenance of the stock of natural resources is prioritised over other dimensions when assessing the impacts of a policy or programme (Redclift 2005; Ilhen and Roper 2014).

Such paradigmatic shifts within attitudes to nature conservation have not taken place without critique. Indeed, the notion that the environment can only be protected if there is a direct economic rationale for so doing, has met with stiff opposition from representatives within the Global South and scholars (Cléménçon 2012), who argue cogently that this shift to the green economy erodes the very status of 'social development' from the agenda. Furthermore, the primacy of the economic causes disquiet among proponents of strong sustainability, who point to the environmental concessions that may be made in order to create or sustain jobs. In such circumstances a 'weak sustainability' paradigm dominates, whereby environmental mitigation becomes the order of the day as ecological damage is re-dressed rather than being prevented in the first place.

The Cape Floral Region (CFR) is acting as a testing ground for the implementation of biodiversity-economy projects, with the FVCT being leading exponents. The CFR enjoys iconic status among South Africa's natural riches, being home to an estimated 9,600 plant species, of which 70 per cent are endemic (Bond and Goldblatt 1984). The main vegetation type is known locally as *fynbos* ('fine-leaved bush'), but nearly one third of the original area of *fynbos* has been lost and 1200 species are critically rare, threatened or vulnerable (Privett 2002). Indeed, the CFR is one of most threatened reservoirs of plant and animal life on earth (UNDP 2003). The main threats to the natural *fynbos* include land conversion for productive purposes, infestation by alien vegetation species, poor harvesting practices and the impacts of climate change (Binns *et al.* 2001, Heydenrych, 1999, Turpie *et al* 2004, Laubscher *et al.* 2009).

Fynbos has been harvested from the wild for more than a century. Prior to the 1960s, a local *fynbos* industry existed serving various small-scale markets, before *fynbos* products began to be traded on an international scale, albeit mainly to Europe (Davis 1992). Increasing commercialisation of the industry led to focal flowers⁵ being cultivated in order to ensure consistency in supply and quality. Traditionally, the industry has been composed of two components – fresh and dry flowers (Greyling and Davis 1989). Some species of *fynbos* are renowned for their distinctive beauty (such as the iconic *proteas*) and longevity as dried foliage. This renders the flowers popular for decoration purposes, and a large market has grown in Germany where the dried flowers are incorporated into funeral arrangements. Large quantities of *fynbos* are exported every year from the Western Cape, mainly

⁵ Focal flowers are large, colourful stems such as *proteas* and 'pincushions' which are usually the centrepiece of bouquets.

to Europe. A significant proportion is sent to flower auction houses in Holland, however, bouquets produced in the Western Cape which offer greater local value added are proving increasingly popular, especially in UK markets.

From 1938 the industry became subject to a degree of regulation as a harvesting permit system was introduced designed to protect vulnerable species (Davis 1992, Treurnicht, 2010). In reality, such oversight has proven to be light touch at best, as the responsible provincial body, CapeNature, has lacked the resources and capacity to regulate the industry effectively. Furthermore, until the advent of the SHP the market placed no environmental or social restrictions upon suppliers beyond demanding strict product quality standards. In environmental terms, this has led to excessive pressure being placed upon the resource base as some marketable species have been exploited beyond their capacity to successfully reproduce (Sekran and Richardson 2010). The Flower Valley Conservation Trust (FVCT 2010 p. 14) has summarised the extent of the threat to the *fynbos* ecosystem as follows, 'Many farmers and itinerant harvesters over-exploit wildflower resources to profit from short-term leases. Coupled with the threat of poor harvesting techniques, excessive off-take of flower (and hence seed) resources severely reduces post-fire recruitment of sensitive species'. In other words, not only is a unique and diverse ecosystem under threat, but so, ultimately, are the very livelihoods that depend upon it.

Under the auspices of the Agulhas Biodiversity Initiative (ABI), the FVCT has responded to the threats to the *fynbos* through the implementation of a phased pilot programme which has sought to promote both biodiversity conservation and socio-economic objectives (Privett *et al.* 2002, Bek *et al.* 2010). In 2003, the FVCT was

contracted under the ABI programme to develop a pilot project which would demonstrate that harvesting wild *fynbos* is a viable land use option for the Agulhas Plain (see Box 1 below), 'that meets ecological, social and ethical standards of good practice' (FVCT 2012 p.5). Key components of the ABI project have included the development of a Species Vulnerability Index (SVI) which has been compiled for 120 harvestable species (Child 2010). The Index grades individual species on a scale of one to eleven according to their level of vulnerability. The grade determines the permitted pattern of harvesting, which in some instances may mean that picking is banned altogether. The SVI has been incorporated into the licensing system of the regulatory body, CapeNature, which issues harvesting permits to land owners and picking teams.

Box 1: The characteristics of the Agulhas Plain

The 270,000 hectare Agulhas Plain is located in the southernmost region of the CFR and is recognised for its biodiversity and vulnerability. Nearly 2000 plant species exist in the region, of which 100 are locally endemic and unique (Cowling and Holmes 1992). One hundred and twelve species are on the Red Data (critically endangered) list and many are on the verge of extinction. The biodiversity importance of the region is further illustrated by the fact that it contains 36 different vegetation types, 12 different wetland types and 2 sites designated as having international significance by the Ramsar Convention (Child 2010, Treurnicht 2010). The area is sparsely populated, with approximately 45,000 inhabitants. There has been a steady drift of people from the Agulhas Plain towards the Greater Cape Town area, some 150kms away, whilst there has been an influx of impoverished Xhosa speaking people from the Eastern Cape to the coastal urban areas in particular. Under-employment levels are high in the area, exceeding 50 per cent in some locations such as Gansbaai. Most of the jobs for people with low levels of education tend to be in seasonal/temporary work in the fishing, tourism and agricultural industries. Wildflower harvesting is reputed to be the largest single source of employment in the region (FVCT 2010).

To eradicate poor picking practice, sustainable off-take levels for certain species have been established through fieldwork by botanists, applying the precautionary

approach to reduce harvesting risks. In order to standardize picking practices, a 50 per cent sustainable off-take level for all harvestable species has been prescribed. This will be adjusted as more fieldwork information becomes available from which specific species off-take levels can be generated. Such guidelines have provided the basis for FVCT's Sustainable Harvesting Code of Practice (SHCP), which provides details on harvesting rules, whose implementation should ensure that the *fynbos* resource base is able to reproduce itself whilst undergoing a regime of harvesting (ABI 2006). In order to support pickers a training course in sustainable harvesting, which is structured around the tenets of the SHCP, has been developed, aligned to levels 2, 3 and 4 of the National Qualifications Framework via the Agricultural Sector Training and Education Authority (AgriSETA).

Thus, the concept of 'sustainable wild harvesting', which can be both environmentally and economically sustainable, was devised. Wild harvesting is important from a conservation perspective, as the practice enables economic value to be extracted from natural veld. In some more marginal environments, such as steep mountain sides, there is little prospect for any other economic activity. However, in lowland areas land conversion into other uses, such as vineyards or grazing, is a constant threat. Therefore, demonstrating that wild *fynbos* has a meaningful economic value is important for convincing landowners to conserve their natural resources.

In its purest form the SHP appears to be an example of strong sustainability due to the primacy placed upon *fynbos* conservation within its guidelines. In reality, there are tensions which inevitably surface when other stakeholders, whose interests are skewed towards economic or social outcomes, become engaged. Indeed, our

interviews with FVCT's internal and external stakeholders reveal that there are differing perceptions of the relative importance of the ecological, social and economic components of the SHP. For the purposes of this paper, whilst acknowledging the complex applications of the sustainability concept within this case study, we focus upon the economic and social dimensions associated with the rollout of the SHP. In so doing, we seek to highlight the very real challenges of achieving meaningful multi-dimensional outcomes which collectively contribute to the sustainability agenda.

Box 2: The Flower Valley Conservation Trust⁶

The FVCT was formed in 1999 to conserve and manage the ecologically diverse Flower Valley Farm near Gansbaai which had been purchased with funds from Fauna and Flora International. With backing from South African organisations, such as the South African National Botanical Institute (SANBI), and multi-lateral agencies such as the Global Environment Facility (GEF), FVCT have developed and co-ordinated the SHP which promotes ecologically, socially and economically sustainable harvesting of wild fynbos. The Agulhas Biodiversity Initiative has been the primary vehicle for developing and promoting the SHP, which has gained traction owing to the interest of key retailers (especially UK-based Marks and Spencer) who have created a viable market for sustainably sourced Cape Flora bouquets. Several other harvesting teams are members of the SHP and supply into the sustainable harvesting supply chain.

Since 2004 the Trust and the farm business have been run as separate entities. The close association between the farm, which has its own harvesting team, and the Trust caused disquiet among some other stakeholders who claimed that the existence of the Trust granted the farm preferential market access. The imperative to run a viable business based on sustainable credentials has provided the Trust with invaluable insights which guide their advocacy work. Furthermore, the farm is an invaluable testing site for the development of the SHP's tools. The Trust's remit has evolved steadily, and currently includes acting as the co-ordinator of ABI, running an alien vegetation clearance programme on the Agulhas Plain, promoting responsible tourism, supporting early childhood development and running environmental education programmes. Furthermore, funding has been secured to roll out the SHP into three more regions.

The *fynbos* industry is highly fragmented, and is typified more by mutual suspicions than a sense of collective purpose, although concerted efforts are being made by

⁶ For further biographical information about the FVCT see: <http://www.flowervalley.org.za/timeline/>; <http://www.geography.dur.ac.uk/Projects/CaseStudies/SustainableWildFlowerHarvestingontheAgulhas/TheFlowerValleyFarm/tabid/3946/Default.aspx>

bodies such as CapeFloraSA to bring industry representatives together. One result of the disjointed nature of the industry is a lack of definitive data illustrating the scale and scope of the *fynbos* trade and its different product and marketing categories. Estimates in the 1980s put the value of domestic and export sales at R30 million, whereas by 2003 exports alone were valued at R209.7 million, with wild products contributing approximately 50 per cent of the value (Treurnicht 2010). Whilst these estimates only offer partial insights into the scale and impact of the *fynbos* industry, it has become increasingly clear that the industry is a notable component of the Western Cape economy and is locally very important as an income generator.

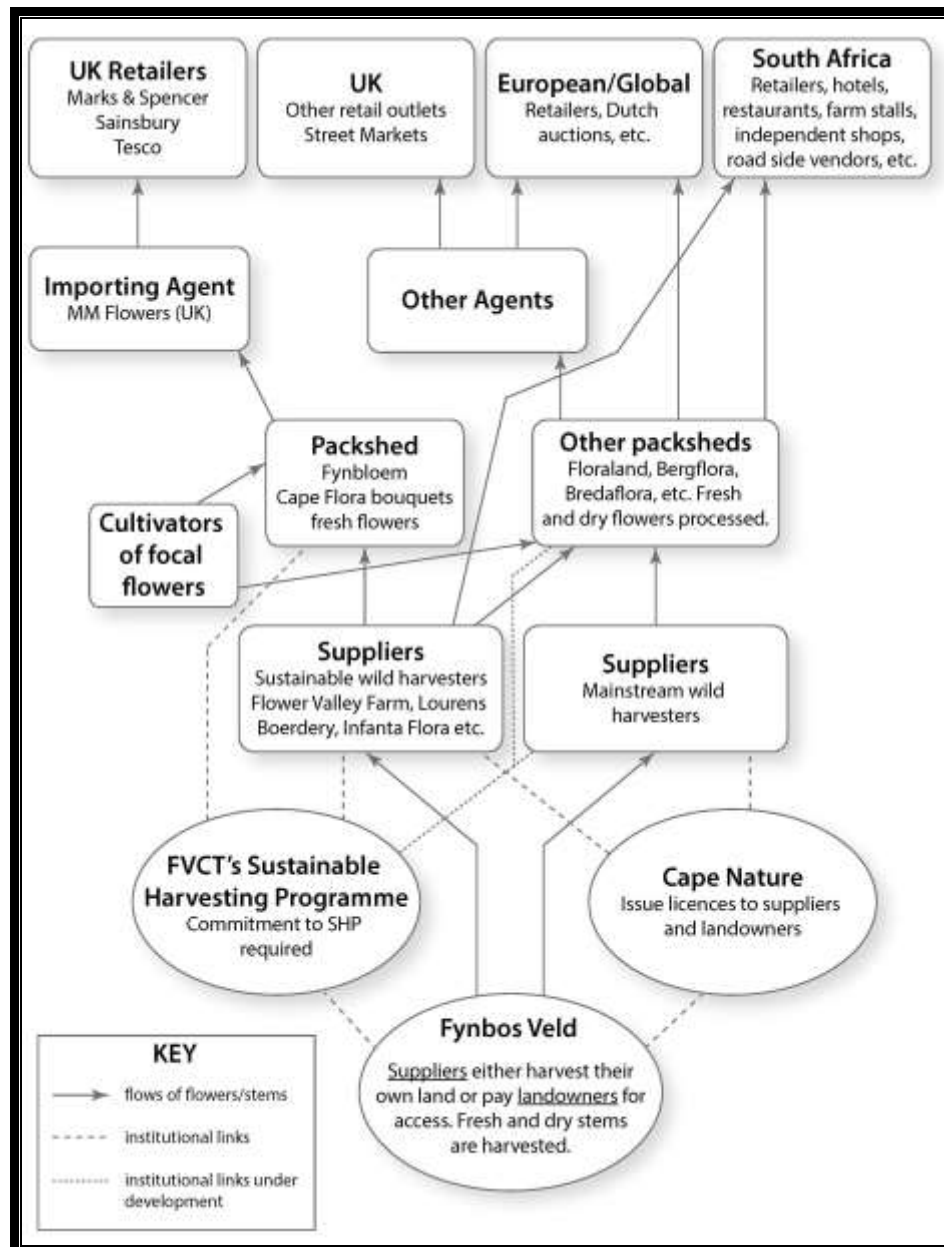
FVCT's pilot programme led to the development of a new component within the wildflower industry - the Sustainable Harvesting Supply Chain (SHSC), which differs from the long-established 'mainstream' industry in that various forms of environmental and social ethics are explicitly fore-grounded within the local supply chain's daily productive practices (see Figure 1). In this sense, the development of the SHSC can be viewed as an innovative attempt to generate both economic and social upgrading, increasing value capture for the South African wildflower industry and providing new and improved opportunities for workers. The pilot involved eight suppliers based in the Stanford-Napier-Gansbaai rural area of the Agulhas Plain, who were required to attain sustainable harvesting accreditation for their picking teams. The SHSC initially supplied the UK-based retailer Marks and Spencer with

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'Cape Flora' bouquets via the Fynsa packshed, located at that time on the Flower Valley Farm itself.⁷

INSERT FIGURE 1 HERE

Figure 1: Value Chains within the South African Wildflower Harvesting Industry



⁷ Fynsa re-located to Stanford in 2010, in order to benefit from larger premises and easier access for suppliers. It should be noted that a decision was made in 2013 to award the contract for producing Cape Flora bouquets to a different packshed, Fynbloem. As a result Fynsa ceased to trade. The research upon which this paper is based was conducted before this shift was made. Therefore the paper refers throughout to Fynsa as the dominant packshed within the sustainable harvesting value chain.

This supply chain has several distinguishing characteristics, with the emphasis being upon the creation of an ethically focused supply base. Suppliers are expected to adhere to the principles of sustainable harvesting and to be active participants in the broader programme. Equally, labour standards are expected to be consistent with national labour laws as a minimum, and preferably be compliant with auditing standards such as those of WIETA, a South African auditing body which was developed through a project run by the UK's Ethical Trade Initiative (McEwan and Bek 2009). Thus, Cape Flora bouquets supplied through the SHSC exhibit an array of ethical credentials which rendered them ideal commodities for Marks and Spencer, who launched their high profile 'Plan A' sustainability programme during 2007.

In 2008, the FVCT embarked on a further project entitled 'Developing opportunities for pro-biodiversity businesses on the Agulhas Plain', funded by the Table Mountain Fund (FVCT 2008, FVCT 2012b). The central objective of this project was to develop the achievements made via the ABI framework and, in particular, to explicitly address conservation and human development challenges in an integrated manner. Specific targets included increasing the number of accredited harvesting teams to eighteen and creating 135 permanent and 85 seasonal jobs within the SHSC itself (FVCT 2008). Importantly, the Trust made a clear link between sustainable harvesting practice and the long-term maintenance of employment opportunities. In other words, jobs in the industry will ultimately be lost unless the long-term depletion of the wildflower resource base can be arrested.

The SHSC has rapidly evolved into the main route by which Cape Flora bouquets reach the market. Such bouquet production is very important for the local economy,

as the downstream processing aspect enables extra value to remain within the local area and generates further employment. In this sense, the SHSC provides an excellent example of the linkages between product upgrading, social upgrading and environmental upgrading. The SHSC is the largest and most durable route by which sustainably harvested Cape Flora bouquets have reached the market. Other firms have sought to develop Cape flower markets using sustainably harvested products. For example, The Better Flower Company was established in 2007, in an attempt to capitalise on the growing demand for sustainably harvested *fynbos*. A packshed was set up in Stanford and a market developed with UK supermarket retailer Waitrose. However, the project struggled to become established and ultimately went into liquidation (BusinessMag 2011). Other firms, such as Bergflora are currently aiming to promote the sustainable harvesting concept within their business development.

In the last two years, the South African market for sustainably harvested bouquets has grown, with major South African supermarket chains, PicknPay, Checkers and Woolworths becoming involved. PicknPay has developed a steady market in the Western Cape, whilst Checkers ran a small supply pilot in late 2011, and Woolworths has shown interest in developing lines with a sustainable component. The SHSC has proved to be a major contributor to the growth of the export component of the *fynbos* industry in the last decade. According to a recent industry survey, in excess of 600,000 *fynbos* bouquets were produced in 2012, of which nearly two-thirds were exported to the UK under the sustainable harvesting umbrella, with the majority being bought by Marks and Spencer (*Fynbos Marketing Forum 2013, FVCT 2012b*).

There has been further market development in the UK, as major supermarket retailer J Sainsbury started to procure bouquets in September 2010, and Tesco, the UK's largest supermarket retailer, also started to run a regular product line incorporating *fynbos* (FVCT 2012b). In order to meet the increasing demand for bouquets, there has been a corresponding increase in demand for stems, which has been a boon for the order books of the sustainable harvesting suppliers. The sustainable harvesting network notably bucked the downward trend of the wider industry, supplying an extra one million stems of 'greens'⁸ in 2011 compared with 2008 (FVCT 2012b, Kotze 2012).

CREATING VIABLE SUSTAINABLE HARVESTING BUSINESSES VIA ECONOMIC UPGRADING

In this section we examine how economic and social upgrading have played out in the SHSC. We begin with an evaluation at the level of businesses, considering how engagement with the SHSC is enabling enterprises to be financially viable. We then move on to consider the short and longer term livelihood impacts for workers. Throughout this analysis we draw attention to the multi-dimensional forces which can affect the range and depth of upgrading outcomes.

Several of the suppliers who have engaged with the SHSC have been successful in consolidating and growing their businesses. Indeed, their success has demonstrated that it is possible for an enterprise focusing upon sustainable harvesting to be economically viable – an issue around which there has been some debate (Conradie 2010). The Flower Valley Farm runs its own picking operation,

⁸ Cape Flora bouquets are typically composed of (high value) focal flowers, offset by a number of other low value stems categorised as 'greens', owing to their dominant colour.

which operates as a business in its own right under the umbrella of the FVCT. Despite severe challenges, such as the loss of the entire harvestable area of the farm due to a wild fire in 2006, the farm has proven to be a viable, profitable unit, even succeeding in implementing an alien vegetation clearance programme. Selling fresh flowers into the SHSC is core to the Flower Valley farm's business, representing more than 50 percent of total sales by value in 2011 (FVCT 2012b). There is a year round market, although there are peaks and troughs. This guaranteed market is important, as it provides a stable base around which to structure the overall business. Indeed, the year round nature of the SHSC is a distinguishing feature, which separates it from the mainstream industry, where seasonal variations are more marked.

Flower Valley also has active business relationships with five other agents and packhouses, which offer opportunities at different times of year. This diverse approach helps to stabilise Flower Valley Farm's income and ensures that workers benefit from permanent full-time positions. A component of Flower Valley's business strategy is to engage with the dry flower industry. Such diversification, developing forms of product upgrading, strengthens the business model, reduces risk and offers opportunities to earn an income at times of the year when the market for fresh flowers is less strong. In addition, the dry market offers the opportunity to sell lucrative flowers such as *protea compacta*.

Other harvesters within the SHSC have successfully consolidated their businesses through engagement with sustainable harvesting. For example, one supplier has expanded and has established two sub-contracting teams, as well as two in-house teams (FVCT 2012a). Fresh and dry flowers are sold to a range of packsheds

(although Fynsa takes the most volume), and some bouquets are made for small-scale markets, which in some cases can be fairly lucrative. In this sense, economic upgrading is occurring, with value being added to the flowers that are harvested. This can occur in various ways, such as improving the quality of the stems before selling them onto packsheds, or processing some stems into other marketable products, such as wreathes, posies or table decorations, which are then sold directly to an appropriate market outlet. The business owner of one of the sustainable harvesting teams (Interviewed 6 March 2013) outlines how adding value has been central to the development of his business, 'Six years ago I had a *bakkie*⁹ and I got an order in the morning, to pick it, to drop it off at Fynsa and then sleep the rest of the day. But then I started adding value in a small way, got the product, still supplying everyone, but adding value and finding markets that want added value. That's how I got where I am now, through adding value and selling my flowers for better prices, better price points'.

Despite these developments, not all the suppliers have been as successful. Three of the original eight suppliers who were involved in the pilot project no longer supply Fynsa, but instead they now mainly supply directly into the mainstream industry. One other supplier, who set up as an independent contractor specifically to enter the sustainable harvesting market, went out of business owing to the challenges of becoming established in such a competitive market. The global economic crisis has been a significant factor which has undermined business development within the SHSC. Interestingly, sales of Cape Flora bouquets actually grew during the early stages of the crisis, despite their premium price point. However, this growth

⁹ *Bakkie* is the local term for a pick-up truck suitable for driving off-road. Suppliers require such vehicles in order to navigate the rugged terrain where *fynbos* is located.

occurred on the back of the principle of the consumer demanding 'greater value', such as more stems for the same price. An increase in UK Value Added Tax (VAT) of 2.5 percent to 20 percent (effective from 4th January 2012) further increased the pressure on producers, effectively adding 50 pence to the cost of a £20 bouquet. Thus, margins were squeezed within the supply chain, resulting in intense pressures upstream, where it has only been possible to maintain profitability by increasing turnover and productivity.

Economies of scale are an increasingly important factor influencing survival within the harvesting industry, which has clearly favoured larger established businesses. Indeed, the low price being paid per stem is causing smaller operators to struggle, such that they 'are being swallowed up by the big guys' (Interview with FVCT's Enterprise Development Manager, 8th March 2013). Such consolidation is a rational response to the necessity to supply large quantities to the packshed. From the packsheds' perspective it is simply not viable to process orders from ten different small suppliers if a single larger operator can supply the required quantity. Thus, established small-scale harvesters are finding it very hard to survive within the contemporary wildflower harvesting market. As one supplier comments, 'the producer is the one that walks away with the least amount of money. This is something that needs to be fixed', (Harvester C, 5 March 2013). It is salutary to observe that these pressures are sensed so acutely within explicitly ethical supply chains.

For emergent contractors it is virtually impossible to become established within this highly competitive market as an array of upfront costs will be incurred, such as the

cost of a *bakkie* and the need to invest in training for pickers if they wish to supply into the SHSC. In addition, various forms of social capital in the shape of networks, trust and reputation are required in order to be granted access to harvestable lands and, most importantly, access to markets. For example, the realities of daily commerce require high levels of trust, mutual understanding and inter-reliance between suppliers and the packshed, with each operating to tight schedules. The tightness of the interdependencies between Fynsa, for example, and their existing supply network has effectively prohibited opportunities for new entrants. From the packsheds' perspective, overall margins are too tight for a new entrant to be granted any lead-in time whilst they become accustomed to the stringent demands of the market. There are deficits in terms of training and experience, and it is impossible to meet international technical and quality standards from the outset. The net effect has been to preclude any sustained involvement from new entrepreneurs within the SHSC. Therefore, FVCT's stated objective of consolidating the position of the original eight accredited suppliers and creating a further ten viable supplying businesses within the SHSC has not come to fruition.

To a large extent these constraints result from the unequal ways that power is distributed within international agri-supply chains, the impacts of which militate heavily against meaningful upgrading. Essentially, the price of wildflower stems is demand driven with the retailers having the power to set prices, albeit mediated by consumer price sensitivities. As one supplier states, 'the biggest threat is the supermarkets, they dictate the price, how many stems are in a bunch, what flowers they want and when they want them'. Thus, 'packsheds are price-takers from the retailers' (Interview with Harvester A, 25 February 2013). In turn, the packsheds have the power to set prices for harvesters, 'the packshed makes the price, end of

story...(The packshed) will say ... this is the price I will give you. You want to say honestly I cannot pick it for that cost, I need to make a living out of it, but you cannot because you need it...they know where to keep the price, not a cent over', (Interview with Harvester, 26 February 2013). As a result, the harvesters are '...serious price-takers, we have no say in what our product is worth', (Interview with Harvester C, 5 March 2013).

Despite these issues, there are signs of progress. Two contracting teams have been set up in Napier linked to one major supplier. In the early stages, the teams were not truly independent, as they were reliant upon that supplier for all their picking work and also received assistance for capital investment. Having become established, the teams are now able to act more independently, seeking work with other suppliers and also earning money by engagement in activities such as procuring firewood. Therefore, the receipt of such transitional support may be what is required to develop these teams to the extent that they will be able to act as independent contractors in the medium term. Furthermore, this supplier is committed to facilitating the development of two of its existing teams which have the capacity to become fully fledged independent contractors. The FVCT have refined their strategy in relation to the promotion of contractor development. Rather than aiming to create independent contracting teams that need to be self-financing and capable of negotiating market access from the outset, the FVCT is now seeking to enhance the capacities of pre-existing teams with support from private sector stakeholders.

Employment lies at the very heart of social upgrading. Evaluation of the outcomes of the SHSC sheds some light on the dimensions of employment that may affect

workers' access to upgrading. Such dimensions include: total employment created (full- and part-time), stability of that employment, wage levels, application of employment rights, promotion prospects and access to training (Barrientos, Gereffi and Rossi 2011). The analysis below indicates that there have been marked achievements in these realms of employment, but these gains are by no means universal or undifferentiated.

One of the stated objectives of the SHP was to generate a substantial increase in employment levels. By 2011, the sustainable harvesting supply chain provided employment for approximately 110 full-time employees (an increase of 6 since 2009) and 75 seasonal workers. Despite the increase in the demand for Cape Flora bouquets, employment levels on the picking side have reached a plateau as the increase in demand has largely been met by existing teams. There has been some growth in employment within the Fynsa packshed, most especially in terms of the seasonal workers brought in to assist during peak times. For example, an extra 50 staff may be brought in for 2 weeks around Christmas, whilst 20 casual workers are brought in for the other 5 busiest months of the year. However, increases in demand have been met via overtime payments to existing staff rather than an expansion of the workforce. Whilst overall employment numbers have not grown dramatically, workers have benefitted from a shift from seasonal to year-round employment as there is demand for bouquets throughout the year, in contrast to the more seasonal patterns traditionally experienced in the mainstream industry.

On the negative side, the closure and re-location of some packsheds detracts from the overall employment gains. The Better Flower Company's collapse led to the closure of their packshed in Stanford, whilst Bergflora have consolidated their

packing operations leading to the closure of their Stanford packshed. In addition, during 2008 Fynsa opened a secondary packshed at Kleinmond, to the west of the Agulhas Plain, which was also closed down after a matter of months. Thus, whilst the aggregate employment picture has been positive, such changes in packshed business operations have produced negative outcomes for many employees.¹⁰ The negative impacts of these shifts in packshed operations have been felt most keenly by Xhosa speaking migrants from the Eastern Cape, who comprise a major component of the workforce on the coastal fringes of the Agulhas Plain.

In sum, the FVCT's goal of generating 220 jobs (135 permanent and 85 seasonal) via sustainable harvesting has not been achieved (FVCT 2008). However, there has been some increase, mainly within the Fynsa packshed. Given the extreme economic situation in the global economy, it is an achievement to have sustained pre-existing employment levels. Anecdotal evidence, which correlates with industry survey export data, suggests that there have been declines in employment within the mainstream wildflower industry during this time (FVCT 2012b). Whilst the SHP has clearly made modest, but locally significant, contributions in terms of sustaining overall employment, it can also be credited with ensuring that socially progressive labour standards are maintained. The FVCT's SHP has always placed social development at its core. This feature was highly attractive to Marks and Spencer, as it ensured that the bouquets' product biography would be consistent with the tenets of their high profile 'Plan A' ethical programme. Thus, Marks and Spencer insisted that labour standards be assured through the involvement of the Western Cape-based auditing body, WIETA, which emerged from an Ethical Trading Initiative pilot

¹⁰ The transfer of packing business to Fynbloem in 2013 caused further disruption in the labour market of the Agulhas Plain, as there were no longer any packshed jobs available in Stanford.

project. As a result, Fynsa and their core suppliers underwent the initial inspection process and were granted full WIETA accreditation during 2009. In addition, separate socio-economic baseline work verified the WIETA audit results, indicating that labour standards in the sustainable harvesting supply chain were of a higher standard in terms of compliance than those found within agriculture in the region more broadly (Prins 2007).

Furthermore, the WIETA audits, the parallel socio-economic baseline study and our own interviews, all indicate that wages are better than those usually associated with work in agricultural industries. Indeed, pickers can earn up to double the rates of farmworkers in other sectors, while nearly ninety percent of pickers interviewed for the socio-economic study stated that their earnings were higher than in their previous employment. The 2007 socio-economic study concluded that worker living standards as a whole are considerably higher than would be expected in a rural area and are better than those found in neighbouring urban areas (Prins 2007). Most of the sustainable harvesting teams report that staff turnover is relatively low, at around fifteen percent per annum, which can be interpreted as an indicator that workers are generally satisfied with their pay and working conditions. The professionalism of the suppliers in the sustainable harvesting network is a factor in ensuring decent working conditions for pickers and packers (ILO 2012; Barrientos *et al.* 2011). This includes sound business practices, such as ensuring year round production for different markets (albeit enhanced by the guarantee of markets via Fynsa), whilst the adoption of sustainable harvesting principles ensures that pickers are not sent into areas which are sparsely populated with flowers – which is bad practice environmentally, as well as problematic for pickers working to piece rates. For example, pickers operating in the mainstream industry report that they may

earn as little as R30¹¹ per day (less than half the minimum wage applicable at that time) when instructed to pick in old, over-harvested locations.

Despite these gains, there is evidence that the price pressures resulting from the global economic crisis, the effects of which have been most keenly felt since the WIETA audits and the socio-economic study were conducted, have not only filtered down to the very bottom of the supply chain, but have in many ways been magnified. Thus, pickers in a minority of teams report that their wages, especially those paid via piece rates, have stagnated, or even declined in real terms, whilst productivity pressures have increased. For some pickers these impacts render their daily work, which is physically arduous, to be almost untenable.

Training and capacity building have been core elements of the SHP. The Flower Valley farm, for example, has enrolled staff on a range of training programmes, which provide them with transferable skills. The FVCT's training ethos is explained as follows by the Trust's Director, 'The long term idea... is to develop the green economy. This could be a career for someone, they can gain key skills which they don't necessarily have to only apply to the wildflower harvesting industry. It is a new career for people in rural areas, we will start with the flower industry and see if this can be further developed. They will be provided with a skill that they can sell and therefore will become more employable', (Interview with Director, FVCT, 20th February 2013). Other members of the SHP report that their staff have been given opportunities to diversify into other income-earning activities, such as alien vegetation clearing. In these cases, the employability of individual employees increases, and they may be able to move on to new opportunities elsewhere.

¹¹ Exchange rate on 23rd June 2013: £1 = ZAR15.6

Examples of training include: attainment of driving licences, tractor driving courses, health and safety courses, chain-saw handling courses, and in one case, hiking trail construction courses. The benefits of training are not felt equally by people of different races. Xhosa speaking people are often disadvantaged by training that is often delivered in either English or Afrikaans. Language and cultural barriers thus militate against the advancement of this significant component of the workforce.

Many harvesters come up against a ceiling in terms of career advancement, unless there is diversification within the team's business strategy. For example, the position of team supervisor has traditionally been the only option for promotion within picking teams, and this position has been dispensed with in some cases as the team manager takes on both roles. The result is that pickers have little realistic hope of increasing their income beyond a basic level. In addition, pickers develop few transferable skills through harvesting which can enable them to move on to higher skilled, better remunerated positions in the future, although possession of a sustainable harvesting training certificate is useful when pickers seek employment within a different picking team, even one that does not yet supply into the SHSC. There are more opportunities for skill development and promotion within the packshed environment where different jobs exist including flower cleaners, bouquet makers, quality controllers and supervisors. The vast majority of jobs are in the first two categories, which tend to be paid at, or slightly above, minimum wage levels. Higher level opportunities on the packshed floor are relatively sparse, although one individual at Fynsa has been promoted beyond the factory floor to work within the management team, which is a significant achievement.

PROMOTING UPGRADING

In a recent study of South African horticulture, Barrientos and Visser (2012) concluded that an array of constraints currently prohibit wide-scale economic and social upgrading. Particular areas of concern include wages and training gaps. In relation to wages, there are issues with the low level of the minimum wage itself, and the lack of meaningful pay differentials between workers with different skills and responsibilities. In addition, a need was identified for more resources to be pumped into training linked to a more responsive national training framework. Bowrig *et al.* (2010a) consider how such constraints are magnified by the operational dynamics of GVCs, '...the terms of trade between retailers and suppliers in large retailer-driven supply chains are inherently connected to the working conditions at production sites' (p.182).

Indeed, the biography of the SHSC vividly illustrates just how profound those constraints remain, a situation exacerbated by the dynamics of international supply chains within a neo-liberal driven trading system. The programme has undoubtedly made a positive contribution to the livelihoods of many poorer households by ensuring a steady income stream. However, given the relatively low (albeit legal) wage levels, and the high numbers of family members that often have to be supported by each wage earner, the overall impacts are hardly transformative. Such observations resonate with wider debates about job creation within the South African economy, where there are many schemes to create mass employment, but the transition to higher skilled, higher paid work seems all too elusive. Thus, the gap between the wealthy and the poor remains entrenched.

Through their own evaluation programmes and engagement with external research programmes, the FVCT has become cognisant of these barriers to significant socio-economic transformation within the SHSC. As a result, FVCT is pro-actively seeking ways of identifying new, higher skilled opportunities within the value chain and preparing workers to fill these positions. An interesting example is their 'field monitor programme' funded by the Global Environment Facility (GEF), which was initiated in 2013 (FVCT 2012a). The programme seeks to address the twin challenges of high un(der) employment in the area and the need for tighter monitoring of the impacts of *fynbos* harvesting. Thirty-two individuals are being identified, predominantly from among wild-harvesting teams, who will benefit from undertaking accredited training courses. These courses will enable the trainees to undertake field assessments, developed as part of the SHP, which monitor the impacts of *fynbos* harvesting practice on the *veld* and assess broader land management practices. The data that they collect will be of benefit to picking team managers who will be able to record and assess the impacts of their team's practice. The trainees will benefit, not just from an enhanced role within their current picking team, but also from gaining practical experience and knowledge which will enable them to advance within the conservation, biodiversity and tourism sectors. For example, it is envisaged that the monitors will progress as contributors to the teams employed by the national 'Working for Water' and 'Working on Fire' programmes, which seek to create rural employment, whilst attaining important environmental objectives including the eradication of alien species and the control of wildfires (Binns *et al* 2001).

Clearly, the success of the field monitor programme will be predicated upon the existence of opportunities for the participants to use their new skills and experience

to gain appropriate employment. Supporters of the SHP are pushing for better regulation of harvesting, which requires a more systematic approach to harvesting practices. This process has received a boost, as Marks and Spencer is requiring suppliers to undergo field assessments in order to verify that harvesting practices are consistent with the SHCoP. This requires some upskilling within harvesting teams, which supports both economic and social upgrading processes. Interestingly, it is the drive for verifiable environmental upgrading within the SHSC that is producing the stimulus for such social and economic changes.

CONCLUSION

The identification of mechanisms for facilitating upgrading, and thus enhanced value capture at the production end of GVCs, is a critical concern for stakeholders in developing countries. However, as this case study of the SHSC demonstrates, the power exerted within value chain management by multi-national corporations militates against the creation of a truly enabling environment for upgrading. The focus upon the financial bottom line clearly takes precedence over the much vaunted triple bottom line. This is not to say that improvements are not feasible, as there are quite clearly a number of elements of good practice emerging from the SHP. However, despite the best intentions of the FVCT and other local stakeholders, many of the gains have not become embedded, either within the structures of the supply chain, or in the livelihoods of the intended beneficiaries.

It has been estimated that commercial agriculture in South Africa has the potential to expand and generate a further 250,000 jobs in the coming decade, although the fulfilment of such predictions is predicated upon the availability of appropriate human capital (Barrientos and Visser 2013). However, the current trends of limited

social upgrading, and indeed downgrading, via increased casualization, represent very real threats, as the workforce lacks the skills to drive the forms of economic upgrading that are required to ensure that the industry remains internationally competitive (Barrientos and Visser 2013). Overcoming these constraints will require leadership and vision if the various sub-sectors of South African agriculture are to rise to the opportunities and challenges that lie ahead. However, effective governance is a hugely complex issue within South African agriculture, mediated by the complex legacies of the nation's problematic history (du Toit 2003).

In the context of the *fynbos* industry, there has been a major void in terms of oversight and collective focus. It has fallen to the initiative of the FVCT, a small NGO, which is principally, but by no means exclusively, committed to environmental conservation, to provide the impetus to encourage private and public sector stakeholders to be more pro-active in their approach to all forms of upgrading in their industry. Our research has demonstrated the considerable potential that exists for both economic and social upgrading within supply chains. Engaging with the SHSC has proven economically beneficial for some businesses and workers. However, the full potential benefits have not been realised due to retailer supply chain practices, most especially in the realms of pricing. The FVCT have been pro-active in the face of these constraints and in association with a number of local stakeholders have identified opportunities to promote environmental, economic and social upgrading. This highlights the crucial role that local institutions can play in creating a fertile context for upgrading.

The involvement of the FVCT can be seen as part of a wider trend within South Africa which has been associated with the emergence of innovative schemes such

as WIETA, the Biodiversity and Wine Initiative, and the rollout of Fairtrade production and local markets (McEwan and Bek 2009). This trend is continuing with the recent development of Fruit South Africa's SIZA (Sustainability Initiative South Africa) programme, a highly significant move which has the potential to provide a potent institutional setting for driving all forms of upgrading in the fruit and other agri-sectors via its all-encompassing audit system (Fruit South Africa 2013). The development of this initiative, and the spaces for dialogue that it creates between different stakeholders, enables multi-dimensional upgrading to be prioritised as a strategy. Stakeholders within the SHSC are actively engaging with the SIZA Programme, especially around the development of an environmental component to the audit standard. Clearly, there is an imperative for critical research to interrogate these ongoing developments within the terrain of sustainable agricultural production.

Furthermore, there is need for research to focus upon the persistence of poverty in South Africa's agrarian economy, which remains a matter of immense concern. On the one hand, there is a clear moral imperative to raise the living standards of the majority of the population, whilst on the other, the legitimacy of the post-apartheid state hangs to a large extent upon the achievement of socio-economic transformation (du Toit 2013). It is all too apparent that simply leaving the eradication of poverty and inequality to the market will not work. Indeed, as the analysis in this paper demonstrates, the dynamics of the market frequently exacerbate, rather than reduce, inequalities between participants within South African agricultural value chains (Ewert and du Toit 2005). Enduring rural poverty is a clear political threat, as it can so easily be linked to the highly sensitive and emotive issue of unequal land ownership and distribution (Hall 2009). The rumbles

of discontent which echoed during the strike action in South Africa during 2012 serve as stark reminders of the imperatives for all stakeholders to develop effective solutions. As du Toit (2012, p.1) asserts, 'Failure to address the problem of poverty, it is widely accepted, would severely undermine, not only the long-term sustainability of the new democratic order, but its very political and moral legitimacy'.

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